



**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION IX**

**75 Hawthorne Street
San Francisco, CA 94105**

E-mail with Receipt

September 22, 2008

Andrew Devegvar
Greka Oil and Gas, Inc.
a.k.a. Greka SMV, a.k.a. Greka Energy
6527 Dominion Road
Santa Maria, CA 93454

Re: EPA Takeover of certain activities at the Gato Ponds

Greka Oil and Gas, Inc. (Greka) has violated the Order for Removal, Mitigation or Prevention of a Substantial Threat of Oil Discharge, Docket No. OPA 311-09-2008-0003 ("the Order"). The August 7, 2008 letter amending the Order, established multiple deadlines for the different stages of work. Greka has violated the following deadlines:

- Greka is to provide proof of compliance with 40 CFR 1910.120 of their contractor, First Response and any other contractors to be used in the cleanup. This is to include the written safety and health program pursuant to 29 CFR 1910.120(b) (1), proof of training pursuant to 29 CFR 1910.120(e), and proof of medical surveillance pursuant to 29 CFR 1910.120(f). These documents are to be provided no later than close of business on August 11, 2008. Failure to provide these documents will result in the disqualification of First Response to work on-site at Gato Ponds until such time as the documents are provided.
- The fluids are to be moved off-site for appropriate disposal pursuant to Section 22a of the Order no later than August 31, 2008.
- The activities described pursuant to Section 22b of the Order must be completed no later than September 5, 2008. The report on the structural integrity of the ponds must be provided to EPA no later September 19, 2008. The exception to this deadline is the removal of the surface impoundments. If the soil assessment documents the presence of contamination requiring removal of the surface impoundments and excavation

Greka has also violated Sections 19 (submittal of Work Plan) and 20 (submittal of Confirmation Sampling Plan) of the Order. Greka's contractor First Response has not adequately addressed the comments provided by EPA and its contractors in the Work Plan and CSP. EPA has reviewed these plans three times and pursuant to Section 23 of the Order, EPA disapproves the Work Plan and CSAP. Greka's contractor, First

Response, has, after three attempts, failed to submit adequate Work Plans and Confirmation Sampling Plan, and has been judged by EPA, in consultation with its state and local agency partners, to be unqualified to perform the work required at the Facility in an effective and timely manner. The Health and Safety Plan pursuant to Section 19 of the Order has been approved.

Greka is required pursuant to Section 28 to provide weekly reports on the activities at Gato Ponds. EPA has not been provided these weekly reports.

Pursuant to Section 26, of the Order, EPA is taking over the following activities under Sections 22b and 22d:

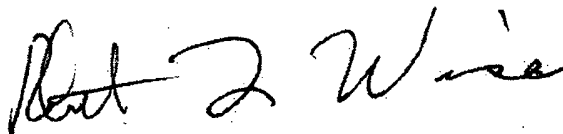
- Structural analysis of the ponds to determine the structural integrity (22b);
- Assessment of the potential subsurface contamination soil and groundwater contamination (22d).

Greka is still responsible for implementing the remaining activities under the Order. Greka must provide a Work Plan for approval pursuant to Section 19 of the Order. Greka may use the existing Work Plan if the comments are properly addressed. The amended Work Plan must be provided to EPA no later than October 22, 2008. Failure to provide an adequate Work Plan will result in the take over of all activities required under the pursuant to Section 26 of the Order.

Failure to comply with the conditions as stated above and provide the weekly reports as required pursuant to Section 28 of the Order may result in penalties of \$32,500.00 per day per violation pursuant to Section.

If you have any questions please do not hesitate to contract OSC Robert Wise at (562) 889-2572 or for legal questions contact Michael Massey, Office of Regional Counsel at (415) 972-3034.

Sincerely,



Robert Wise
Emergency Response Section
Superfund Division

Greka Acknowledgement of Receipt

Date

cc: Michael Massey, EPA
Steve Calanog, EPA
Jason Musante, EPA

Daniel Meer, EPA
Scott Adair, EPA
Mark Samolis, EPA
Jim Hanson, EPA
Trisha Berry, START
John Holland, CA DFG
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Pam McNulty, SBCo. Petroleum Office
Mike Zimmer, SBCo. Petroleum Office
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Pat Able, DOGGR
Terry Synder, APCD
Todd Stanley, RWQCB
Rosanna Garrison, First Response
Congresswoman Lois Capps
Assemblyman Pedro Nava
Senator Barbara Boxer